

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**

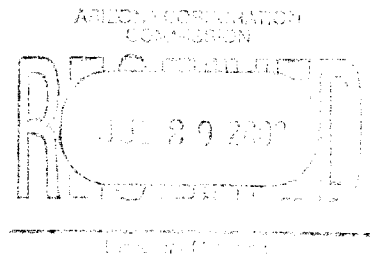
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W-01906A  
EAST SLOPE WATER COMPANY  
P. O. BOX 5185  
SIERRA VISTA AZ 85635-0000

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2001
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FOR COMMISSION USE

ANN04	01
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Processed by:

7-29-02 cm

SCANNED

## COMPANY INFORMATION

Company Name (Business Name) EAST SLOPE WATER

Mailing Address 301 N GARDEN AVE  
(Street)

SIERRA VISTA  
(City)

AZ  
(State)

85635  
(Zip)

520-458-3209  
Telephone No. (Include Area Code)

520-439-9717  
Fax No. (Include Area Code)

520-940-0097  
Pager/Cell No. (Include Area Code)

Email Address nfwatkins@theriver.com

Local Office Mailing Address SAME  
(Street)

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address \_\_\_\_\_

## MANAGEMENT INFORMATION

Management Contact: NATHAN WATKINS  
(Name)

Manager  
(Title)

301 N Garden Ave  
(Street)

Sierra Vista  
(City)

AZ  
(State)

85635  
(Zip)

520-458-3209  
Telephone No. (Include Area Code)

520-439-9717  
Fax No. (Include Area Code)

520-940-0097  
Pager/Cell No. (Include Area Code)

Email Address nfwatkins@theriver.com

On Site Manager: SAME  
(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address \_\_\_\_\_

**Statutory Agent:** Bob Watkins  
(Name)

301 N. ... Ave Sierra Vista AZ 85635  
(Street) (City) (State) (Zip)

520-455-4355 520-459-7603 N/A  
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

**Attorney:** N/A  
(Name)

\_\_\_\_\_  
(Street) (City) (State) (Zip)

\_\_\_\_\_  
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)                | <input type="checkbox"/> Subchapter S Corporation (Z)                     |
| <input type="checkbox"/> Bankruptcy (B)                 | <input type="checkbox"/> Association/Co op (A)                            |
| <input type="checkbox"/> Receivership (R)               | <input type="checkbox"/> Limited Liability Company                        |
| <input type="checkbox"/> Other (Describe) _____         |   |

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- |                                     |   |                                   |
|-------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> APACHE     | <input checked="" type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA       | <input type="checkbox"/> GRAHAM             | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ     | <input type="checkbox"/> MARICOPA           | <input type="checkbox"/> MOHAVE   |
| <input type="checkbox"/> NAVAJO     | <input type="checkbox"/> PIMA               | <input type="checkbox"/> PINAL    |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI            | <input type="checkbox"/> YUMA     |
| <input type="checkbox"/> STATEWIDE  |   |                                   |

COMPANY NAME

East Slope Water Company

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs	30647	19930	10717
311	Pumping Equipment	193141	128708	64433
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains	142288	133958	8330
333	Services			
334	Meters and Meter Installations	28084	25907	2177
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	9192	7826	1366
341	Transportation Equipment	29143	19668	9475
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	<b>432495</b>	<b>335997</b>	<b>96498</b>

This amount goes on the Balance Sheet Acct. No. 108

**COMPANY NAME** East Slope Water Company

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs	30647		
311	Pumping Equipment	193141		18943
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains	142288		163
333	Services			
334	Meters and Meter Installations	28084		588
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	9192		1441
341	Transportation Equipment	29143		3300
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	<b>432495</b>		<b>24435</b>

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.

COMPANY NAME East Slope Water Company

**BALANCE SHEET**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 2979	\$ <578>
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies	13114	13114
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 16093	\$ 12536
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 417890	\$ 432495
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	311562	335997
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 106328	\$ 96498
	<b>TOTAL ASSETS</b>	\$ 122421	\$ 109034

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME East Slope Water Company

**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)	35000	30000
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	5376	6276
236	Accrued Taxes	2269	2690
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	373	373
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 43018	\$ 39339
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ 132129	\$ 128270
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	30834	31827
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$ 30834	\$ 31827
	<b>TOTAL LIABILITIES</b>	\$ 205981	\$ 199436
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)	< 83560 >	< 90402 >
	<b>TOTAL CAPITAL</b>	\$	\$
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 122421	\$ 109034

COMPANY NAME East Slope Water Company

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 192970	\$ 190210
460	Unmetered Water Revenue		
474	Other Water Revenues	1732	1155
	<b>TOTAL REVENUES</b>	\$ 194702	\$ 191365
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 55458	\$ 48804
610	Purchased Water		
615	Purchased Power	38424	36862
618	Chemicals		
620	Repairs and Maintenance	23269	15954
621	Office Supplies and Expense	5027	7974
630	Outside Services	140	1000
635	Water Testing	3881	6198
641	Rents	1200	2600
650	Transportation Expenses	4440	7258
657	Insurance - General Liability	3314	2724
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	7615	4475
403	Depreciation Expense	23768	24435
408	Taxes Other Than Income	5165	5657
408.11	Property Taxes		11575
409	Income Tax	100	
	<b>TOTAL OPERATING EXPENSES</b>	\$ 171801	\$ 175516
	<b>OTHER INCOME/EXPENSE</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	3429	300
427	Interest Expense	17642	22391
	<b>TOTAL OTHER INCOME/EXP</b>	\$ <21071>	\$ <22691>
	<b>NET INCOME/(LOSS)</b>	\$ 1830	\$ <6842>



COMPANY NAME East Slope Water Company

**SUPPLEMENTAL FINANCIAL DATA**

**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	VARIOUS	5/17/2000	VARIOUS	
Source of Loan	Wells Fargo Line of Credit	Advanta Leasing Svc.	Nathan Watkins	Bank of America
ACC Decision No.				
Reason for Loan		Leased Equipment		Purchase Equipment
Dollar Amount Issued	\$	\$18062	\$86535	\$10010
Amount Outstanding	\$54762	\$8729	\$79967	\$6935
Date of Maturity				
Interest Rate	14%	18%	12%	12%
Current Year Interest	\$7357	\$2166	\$10614	\$695
Current Year Principle	\$3530	\$5695	\$6568	\$3075

Meter Deposit Balance at Test Year End

\$ 25 927.58

Meter Deposits Refunded During the Test Year

\$ 4 132.50

COMPANY NAME EAST SLOPE WATER CO

## WATER COMPANY PLANT DESCRIPTION

### WELLS

ADWR ID Number	Pump Horsepower	Pump Yield (Gpm)	Casing Size (inches)	Meter Size (inches)
55-805786	20	80	8	3
55-805787	20	100	8	3
55-805788	7.5	40	12	2
55-805789	7.5	300	10	4
55-555576	3	40	6	N/A
55-555577	3	50	6	N/A
55-555578	3	40	6	N/A
55-555579	2	30	6	N/A

### OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
<del>15</del>		

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (thous.) = UNKNOWN

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
15	2	1	1

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
50,000	1	5,000	3
		3,000	1
		1,000	2
		85	4

## STATISTICAL INFORMATION

Total number of customers 692

Total number of gallons sold 79,571,504 gallons

COMPANY NAME EAST SLOPE WATER CO YEAR ENDING 12/31/2001

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported < 6515 >  
Estimated or Actual Federal Tax Liability \_\_\_\_\_

State Taxable Income Reported < 6515 >  
Estimated or Actual State Tax Liability \_\_\_\_\_

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances \_\_\_\_\_  
Amount of Gross-Up Tax Collected \_\_\_\_\_  
Total Grossed-Up Contributions/Advances \_\_\_\_\_

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Nath Watkins  
SIGNATURE

4-15-02  
DATE

NATHAN WATKINS  
PRINTED NAME

MANAGER  
TITLE

COMPANY NAME EAST SLOPE WATER YEAR ENDING 12/31/2001

**WATER AND SEWER  
UTILITIES ONLY**

**PROPERTY TAXES**

Indicate the amount of actual property taxes paid during this reporting period (Calendar Year 2001)

\$ 11575

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled Checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain reasons below:

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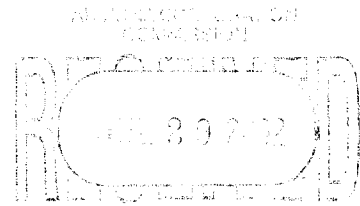
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**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**



**VERIFICATION**

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Cochise</u>
NAME (OWNER OR OFFICIAL) TITLE <u>Nathan Watkins, Manager</u>
COMPANY NAME <u>East Slope Water Company</u>

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA COPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2001</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2001 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 203029

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 11664  
IN SALES TAXES BILLED, OR COLLECTED

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 15th DAY OF

(SEAL)

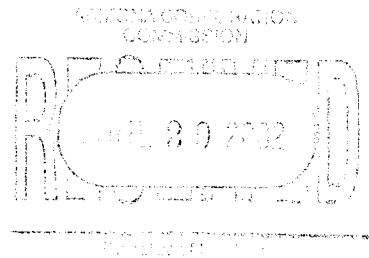
MY COMMISSION EXPIRES 4/22/03

Nathan Watkins  
SIGNATURE OF OWNER OR OFFICIAL  
520-458-3209  
TELEPHONE NUMBER

COUNTY NAME <u>Cochise</u>	
MONTH <u>April</u>	<u>2002</u>

Vernon Wanda  
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**



VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) Cochise	
NAME (OWNER OR OFFICIAL) Nathan Watkins	TITLE Manager
COMPANY NAME East Slope Water Company	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2001

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2001 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES  \$ 178,200
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(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 10,201  
IN SALES TAXES BILLED, OR COLLECTED

\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.

X Nathan Watkins  
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

15th
------

DAY OF

NOTARY PUBLIC NAME Virginia Ward	
COUNTY NAME Cochise	
MONTH April	2002

(SEAL)  
MY COMMISSION EXPIRES 4/22/03

X Virginia Ward  
SIGNATURE OF NOTARY PUBLIC

01-933-36-870-8

1859

EAST SLOPE WATER COMPANY, INC.  
P.O. BOX 5185  
SIERRA VISTA, ARIZONA 85636-5185  
(520) 458-3209

WELLS FARGO BANK  
Sierra Vista Office  
Sierra Vista, Arizona

91-552/1221

10/22/2001

PAY TO THE ORDER OF MARSHA BONHAM, COUNTY TREASURE

\*\*5,387.63

Five Thousand Three Hundred Eighty-Seven and 63/100\*\*\*\*\*

DOLLARS

MARSHA BONHAM, COUNTY TREASURE

PO Box 1778  
Bisbee AZ. 85603

*Pat Wals*

MEMO Par ID#98-933-36-870-8 First Half 2001

⑈001859⑈ ⑆122105524⑆0911759827⑈

⑈0000538763⑈

MFB TEMPE, AZ 11052001  
TRACER# 3704 001  
1221-0527-8  
0732528744

NO 01 02  
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BANK ONE, ARIZONA, N.A.  
PHOENIX, ARIZONA

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THE ORDER OF  
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FOR DEPOSIT ONLY  
MARSHA BONHAM TREASURER  
TAX COLLECTOR COCHISE CNTY



1797

**EAST SLOPE WATER COMPANY, INC.**

P.O. BOX 5185  
SIERRA VISTA, ARIZONA 85636-5185  
(520) 458-3209

WELLS FARGO BANK  
Sierra Vista Office  
Sierra Vista, Arizona

91-552/1221

8/22/2001

PAY TO THE ORDER OF **MARSHA BONHAM, COUNTY TREASURE**

**\*\*7,575.34**

\$

Seven Thousand Five Hundred Seventy-Five and 34/100

DOLLARS

MARSHA BONHAM, COUNTY TREASURE

*PO Box 1778  
Bisbee, AZ 85603*

*[Signature]*

MEMO

⑈001797⑈ ⑆122105524⑆0911759827⑈

⑈0000757534⑈

WFB TEMPE, AZ 08272001  
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ARIZONA, N.A.  
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PAY TO THE ORDER OF  
019 BANK ONE 019

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FOR DEPOSIT ONLY  
MARSHA BONHAM TREASURER  
TAX COLLECTOR JOCHISE CNT